

CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY

Bill Lockyer, Chairman
~~CA~~ California State Treasurer

The Children's Hospital Program of
2004
Overview and Instructions

GENERAL OBLIGATION BOND
FINANCING FOR PUBLIC AND
PRIVATE CALIFORNIA CHILDREN'S
HOSPITALS

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California Health Facilities Financing Authority
2004 Children's Hospital Grant Program
Overview & Instructions for Grant Application

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I. Overview and Instructions for the 2004 Children's Hospital Grant Program Application

Program Overview

On November 2, 2004, California voters passed Proposition 61 that enables the State of California to issue \$750 million in General Obligation bonds to fund the Children's Hospital Program. The purpose of the Program is to improve the health and welfare of California's critically ill children, by providing a stable and ready source of funds for capital improvement projects for children's hospitals.

The Application

Application Form

The application consists of pages 1-9, with Attachments A – C. Applicants shall submit a complete application with corresponding Attachments, as necessary.

Submission Dates

Applications will be accepted on an on-going basis until the program funding is exhausted. Applications are due the first business day of each month and will be presented to the Authority the following month. Applications received on October 1 and November 1 will be presented for Board consideration at the regularly scheduled meetings in December and January, respectively, since there is no regularly scheduled Authority meeting in November and the December meeting is generally held the first Thursday in December. Each applicant may apply more than once.

Section A – Summary Information

Please complete Section A of the application. It is particularly important to list a contact person familiar with the application in the event the Authority staff needs to contact you.

Maximum Grant Requests

- The Authority will accept grant requests up to \$30 million (which will be reduced by bond issuance and administrative costs) for eligible University of California Children's Hospitals and up to \$74 million (which will be reduced by bond issuance costs) for eligible non-University of California Children's Hospitals.
- The Authority will not award grant requests exceeding the total cost of the project.

Section B – Applicant and Project Eligibility

General Eligibility Requirements:

- ♦ Qualified applicants are either:
 1. A University of California general acute care hospital described as:
 - University of California, Davis Children’s Hospital.
 - Mattel Children’s Hospital at the University of California Los Angeles.
 - University Children’s Hospital at University of California, Irvine.
 - University of California, San Francisco Children’s Hospital.
 - University of California, San Diego Children’s Hospital.
 2. A general acute care hospital that is, or is an operating entity of, a California nonprofit corporation incorporated prior to January 1, 2003, whose mission of clinical care, teaching, research, and advocacy focuses on children, and that provides comprehensive pediatric services to a high volume of children eligible for governmental programs and to children with special health care needs eligible for the California Children’s Services program and,
 - Provided at least 160 licensed beds in the categories of pediatric acute, pediatric intensive care and neonatal intensive care in the fiscal year ending between June 30, 2001 and June 29, 2002, as reported to the Office of Statewide Health Planning and Development (OSHDP) on or before July 1, 2003
 - Provided over 30,000 total pediatric patient (census) days, excluding nursery acute days, in the fiscal year ending between June 30, 2001 and June 29, 2002, as reported to OSHDP on or before July 1, 2003.
 - Provided medical education of at least eight (rounded to the nearest integer) full-time equivalent pediatric or pediatric subspecialty residents in the fiscal year ending between June 30, 2001, and June 29, 2002, as reported to OSHDP on or before July 1, 2003.

The Authority, at its discretion, may confirm with OSHDP that the non-University of California Children’s Hospital or the California nonprofit corporation of which the Children’s Hospital is an operating entity has submitted to OSHDP its Annual Disclosure Report for the fiscal year ending between June 30, 2001 and June 29, 2002, on or before July 1, 2003.

♦ Grant funds may be used for:

Constructing, expanding, remodeling, renovating, furnishing, equipping, financing or refinancing capital assets, as defined in Section 16727(a) of the Government Code, of a Children's Hospital. Uses of Grant funds may include reimbursement for the costs of constructing, expanding, remodeling, renovating, furnishing, equipping, financing or refinancing where such costs are incurred after January 31, 2003. Grant funds may not be used for the costs of issuance for any financing or refinancing of a Project.

♦ If the Children's Hospital proposes to use Grant funds for a Project other than equipment acquisition on certain property, the Children's Hospital shall provide evidence that either:

1. The Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity owns the property, OR
2. The Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity is a lessee under a lease agreement that satisfies the requirements for construction projects on leased property.

♦ If the Children's Hospital proposes to use Grant funds for a Project that includes architect, design, and/or engineering fees, the Children's Hospital shall provide the Authority with reasonable assurance, at the Authority's discretion, that any of these fees are components of a larger Project that will ultimately benefit the health and welfare of California's sick and/or injured children. The Authority shall rely on timelines associated with the entire Project to assess whether or not the Project will benefit pediatric patients.

♦ If the Children's Hospital proposes to use Grant funds for the acquisition of real property, the Children's Hospital shall provide a valid, current, enforceable contingent purchase and sale agreement or option agreement between the Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity and the owner of the subject property, including evidence that all extensions necessary to keep the agreement current through the Final Allocation have been executed, if applicable. In addition, the Children's Hospital shall provide the Authority with reasonable assurance that the acquisition is a component of a larger Project that will ultimately benefit the health and welfare of California's sick and/or injured children, such as the construction of a new facility to benefit pediatric patients.

♦ Applicant shall complete a legal status questionnaire. A positive response or combination of positive responses to the questionnaire may result in the applicant becoming ineligible for the grant.

Section C – Project Description

The Authority staff will evaluate a grant application based upon an Applicant's description of:

(a) How well the Project contributes to both of the following:

1. Expansion or Improvement of Health Care Access by children eligible for Governmental Health Insurance Programs and indigent, underserved, and uninsured children.
2. Improvement of Child Health Care or Improvement of Pediatric Patient Outcomes.

(b) How well the Applicant does any or all of the following:

1. Provides Uncompensated Indigent Care or Undercompensated Care to eligible pediatric patients.
2. Provides services to Vulnerable Pediatric Populations.
3. Promotes Pediatric Teaching Programs or Pediatric Research Programs.

Section D – Project Readiness and Feasibility

The Authority staff will evaluate a grant application based upon and applicant's ability to complete the project in a timely manner.

- Applicants must provide a reasonable timeline that contains the information requested in Section D, Part 1 of the application.
- Applicants must provide documentation, which supports the ability to commence the project, as described in Section D, Part 2 of the application.
- Applicants must provide a description of their ability to implement the project that contains the information requested in Section D, Part 3 of the application.

Section E – Sources and Uses of Funds

The applicant's available sources of funds and proposed uses of funds will be evaluated in this section.

- Applicants must detail all sources of funds needed to complete the proposed project, including borrowed funds, internal assets, or other sources. If the project, or a portion of the project has been or will be submitted to other lenders or grantors for funding, applicants must list them and the status of their consideration.
- Applicants must detail the sources of all funds needed to complete the proposed project, including how sources other than the grant will be used for the proposed project. Staff must be able to determine that all grant funds will be used on eligible portions of the proposed project or grant funds will not be awarded.

Section F – Financial Capacity

In this section, the Authority staff will evaluate the applicant's ~~financial stability~~Most Recent Audited Financial Statements.

Allocation Process

Initial Allocation

Staff will conduct a review of the application and will notify the applicant in writing of the recommendation.

Appeals

- (a) Availability. An Applicant may file an appeal of any Initial Allocation. The grounds for any such appeal shall be limited to Applicant eligibility and whether the proposed expense is for a Project, as defined. No Applicant may appeal the Authority staff evaluation of, or Initial Allocation to, another Applicant.
- (b) Timing. The appeal shall be submitted in writing and shall be received by the Authority not later than ten (10) calendar days following the transmittal date of the notification of Initial Allocation.
- (c) Review. The Authority staff shall review the written appeal based upon the existing documentation submitted by the Applicant when the Application Form was filed and any other information the Authority staff requests of the Applicant. The Authority staff shall make a finding as to the merit of the appeal and shall notify the Applicant as to the decision no later than ten (10) calendar days after the receipt of an appeal. In the event that the Authority staff does not approve an appeal, the Applicant may further appeal to the Authority. Applicant shall notify the Executive Director in writing no later than ten (10) calendar days prior to the next regularly scheduled Authority meeting that the Applicant intends to further appeal to the Authority. Any such appeal shall be presented by the Applicant, in person, at the next regularly scheduled Authority meeting.

Approval of Grant and Notification of Grantee

When an Initial Allocation for funding has been determined, Authority staff shall recommend to the Authority at its regularly scheduled meeting, that the Initial Allocation for consideration be approved as a Final Allocation. Any Final Allocation approved by the Authority at the same meeting shall be awarded as Grants to Grantees. Grantees shall be notified within five (5) business days of the same meeting in writing of the Grant approval.

Release of Grant Funds for Non-University of California Children's Hospitals

- (a) No Grant shall be released to a Non-University of California Children's Hospital until the following information has been provided to the satisfaction of Authority staff:
 - 1. For all Projects with the exception of equipment acquisition projects, any supporting documentation that was incomplete with the Application Form shall be finalized and submitted along with a copy of the executed construction contract and the building permit.
 - 2. For Projects that include architect, design and engineering fees to be paid with Grant proceeds, all applicable executed architect, design and engineering contracts.
 - 3. For real property acquisition Projects, a copy of the executed purchase and sale agreement and a copy of an appraisal, the appraised value of which (when added to the amount of reasonable transaction and closing costs) shall not be less than the sum of the Grant and all other funding sources necessary to acquire the Project. The appraisal shall be no older than six months and shall be completed by a state certified appraiser.
 - 4. For equipment acquisition Projects, any supporting documentation that was incomplete when the Application Form was submitted or not provided at that time shall be finalized and submitted along with a list of items to be purchased and all purchase orders.
 - 5. Evidence that all other funds, if needed, are in place to complete Project.
 - 6. Evidence of property ownership for all construction Projects or if the property is leased to a Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity, a copy of a lease agreement that satisfies the requirements associated with construction projects on leased property.
 - 7. An executed Grant Agreement.
 - 8. When applicable, evidence that there are no outstanding issues related to the California Environmental Quality Act and any other applicable governmental codes, if this information was not provided with the Application Form. .
- (b) Documentation provided for the release of Grant funds shall clearly show that the Grant award does not exceed the cost of the Project.
- (c) Grant funds shall be released on a periodic basis, upon receipt of draw requests.
- (d) ~~which shall include credit~~ for investment earnings on any previously released portion of Grant shall be paid to the Authority prior to final release of Grant funds to the grantee.

Release of Grant Funds for University of California Children's Hospitals

- (a) No Grant shall be released to a University of California Children's Hospital until the following has been provided to the satisfaction of Authority staff:

1. For all Projects (including Projects with architect, design and engineering fees) with the exception of equipment acquisition projects, all Project documentation of expenditures, including copies of cancelled checks that represent payment to contractors. The Grantee shall provide evidence of property ownership for all Projects or if the property is leased to a Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity, a copy of a lease agreement that satisfies the requirements for construction projects on leased property, if this documentation was not submitted with the Application Form.

If the Grantee does not provide copies of cancelled checks, the Grantee shall provide wire transfers, electronic fund transfers or other evidence acceptable to the Authority in lieu of copies of cancelled checks.

2. For real property acquisition Projects, a copy of the final closing statement with certification by the title company and a copy of an appraisal, the appraised value of which (when added to the amount of reasonable transaction and closing costs) shall not be less than the sum of the Grant and all other funding sources necessary to acquire the Project. The appraisal shall be completed by a state certified appraiser.

3. For equipment acquisition Projects, ~~complete packages of all~~ contracts, ~~organized by vendor to include~~ purchase orders, invoices and copies of cancelled checks shall be submitted. ~~Separate checks must be issued for Project expenditures and may not include payment for non-Project costs as part of an overall payment to a vendor for Project and non-Project costs.~~

If Grantee does not provide copies of cancelled checks, the Grantee shall provide wire transfers, electronic fund transfers or other evidence acceptable to the Authority in lieu of copies of cancelled checks.

4. When applicable, evidence that there are no outstanding issues relating to the California Environmental Quality Act and any other applicable governmental codes, if this information was not provided with Application Form.

5. An executed Grant Agreement.

- (b) Documentation provided for the release of Grant funds shall clearly show that the Grant award did not exceed the cost of the Project.
- (c) Grant funds shall be released on a periodic basis, upon receipt of draw requests, based on a listing of expenditures made on the Project and not previously reimbursed.

(d)

Requirements for Construction Projects on Leased Property

- (a) If a Children's Hospital proposes to use Grant funds for a Project other than equipment acquisition on property where the Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity is a lessee under a lease agreement, the following requirements shall be satisfied prior to any release of Grant funds pursuant to Sections 7045 or 7046:
- (1) The lease agreement shall provide the Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity, as lessee, full access to the site to carry on its healthcare purposes.
 - (2) The term of the lease agreement must meet one of the following:
 - (A) The term of the lease agreement shall be at least as long as the useful life of the Project under the Grant.
 - (B) If the landlord under the lease agreement is an Affiliate, the term of the lease agreement must be at least 74% of useful life of the Project under the Grant.
 - (3) A current title report on the site, brought up to date as of the effective date of the lease agreement shall be provided to the Authority. The title report shall show all of the following:
 - (A) No delinquent taxes or assessments or, if there are delinquent taxes or assessments, these are being contested in good faith and the Children's Hospital has set aside on its books adequate reserves to pay these taxes or assessments.
 - (B) No easements, exceptions or restrictions on the use of the site that will interfere with or impair the operation of the Project.
 - (C) No superior liens (deeds of trust or other rights) in the property. If there are any superior liens, they shall be subordinated to the lease agreement. The lease agreement shall provide that any subsequent encumbrance on the property (e.g. deed of trust) or sale of the property shall be subject to the lease agreement.
 - (4) Any one of the following shall be satisfied:
 - (A) The lease agreement shall provide for a nominal rent (e.g. \$1 per year).

- (B) Full rent under the lease agreement shall be paid in a lump sum up front.
 - (C) The Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity shall covenant in the Grant Agreement to budget for payment of rent each year.
- (5) The lease agreement shall provide that the only remedy for any default, including failure to pay rent, by lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity is suit for rent or specific performance to remedy any specific breach. The landlord's remedies for any default by lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity may not include cancellation of lease agreement, retaking of property or eviction of the lessee.
- (6) The lease agreement shall provide for either one of the following:
 - (A) The lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity is obligated to pay all taxes and assessments on the property.
 - (B) The landlord will provide the lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity with notice of any failure to pay taxes or assessments on the property and an opportunity for the lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity to cure the failure.
- (7) The landlord shall demonstrate that the lease agreement is legally authorized and has been properly approved and executed and enforceable against the landlord. The landlord shall provide a legal opinion of qualified counsel to this effect that is acceptable to the Authority.
- (8) The lessee Children's Hospital shall demonstrate that the lease agreement is legally authorized and has been properly approved and executed and enforceable against the lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity. Lessee Children's Hospital shall provide a legal opinion of qualified counsel to this effect that is acceptable to the Authority.
- (9) (A) Except as provided in (B), the Children's Hospital shall provide a legal opinion that either: (i) the landlord is a special purpose entity which cannot enter bankruptcy proceedings under the federal Bankruptcy Code, or (ii) the lease agreement will not be an executory contract

and cannot be rejected by the landlord in the event of bankruptcy.
The legal opinion shall be acceptable to the Authority.

(B) For so long as the landlord is an Affiliate of lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity, the requirements of (A) shall not be required to be satisfied.

(10) The Grant Agreement shall provide that if the lease agreement terminates prior to the end of the useful life of the Project under the Grant and the property that was subject to the lease agreement is not simultaneously re-leased under a new lease agreement that complies with the requirements of this Section 7047 or fee title to the property that was subject to the lease agreement is not simultaneously transferred to the Children's Hospital, the Authority is entitled to recover the Grant funds pursuant to Section 7049.

(11) When a Project on leased property includes improvements to any common areas that are shared with other tenants or areas that are not leased by the lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity under the lease agreement, the Grant funds shall be limited only to the proportionate costs of the Project which exclude the costs related to such areas.

(12) Prior to approval of the Grant by the Authority, the Applicant shall submit the proposed lease agreement for review and demonstrate compliance with all of the above conditions and any other conditions required by the Authority.

(b) For purposes of this section, "Affiliate" means an entity which, directly or indirectly through one or more intermediaries, is controlled by or is under common control with the lessee Children's Hospital or the California nonprofit corporation of which the Children's Hospital is an operating entity.

Completion of Grant Funded Project

- (a) The Grantee shall certify to the Authority that the Project is complete and, to the extent not already provided to the Authority, provide supporting documentation to the satisfaction of the Authority staff as follows:
1. Construction projects (including Projects with architect, design and engineering fees) require documentation including, but not limited to, copies of the certificate of occupancy, ~~final payment certification by the architect, final payment request from the contractor and corresponding copies of cancelled checks~~ and/or notice of completion. Purchase orders, invoices, and cancelled checks shall be submitted. If the Grantee does not provide copies of cancelled checks, the Grantee shall provide wire transfers, electronic fund transfers or other evidence acceptable to the Authority in lieu of copies of cancelled checks.
 2. Real property acquisition Projects require a copy of the final closing statement with certification by the title company.
 3. Equipment acquisition projects require ~~complete packages of contracts organized by vendor to include service contracts~~, purchase orders, invoices and copies of cancelled checks ~~to be submitted.~~ Separate checks must be issued for Project expenditures and may not include payment for non-Project costs as part of an overall payment to a vendor for Project and non-Project costs.
- If Grantee does not provide copies of cancelled checks, the Grantee shall provide wire transfers, electronic fund transfers or other evidence acceptable to the Authority in lieu of copies of cancelled checks.
- (b) If the Grantee fails to complete the Project within the Project Period, the Authority may require remedies, including forfeiture and return of the Grant to the Authority.
- (c) On a case-by-case basis, the Authority or the Authority staff may extend the Project Period for extraordinary or unavoidable delays where the Grantee can demonstrate that it occurred through no fault of its own.
- (d) Documentation provided to establish the completion of a Project shall clearly show that the Grant award did not exceed the cost of the Project.

Approval of Grant Use Change

The Authority or the Authority staff may, on a case-by-case basis, consider a change in the use of the Grant if the Grantee demonstrates, to the Authority or the Authority staff's satisfaction, that the change is consistent with the Act and this chapter.

Recovery of Funds for Non-Performance

If the Authority determines that Grants were not used consistent with Children's Hospital Program requirements and the terms of the Grant Agreement for an approved Project, the Authority may require remedies, including a return of all Grant funds.

In cases where Grant funds paid for a component of a Project that does not specifically benefit pediatric patients, such as architect, design or engineering fees or land acquisition costs, and if the Authority determines the Grantee did not complete a larger Project as described in the timelines provided with the Application, the Authority may require remedies, including a return of all Grant funds.

If the Project, or any part thereof, funded with Grant funds ceases to be used by the Children's Hospital before the end of the useful life of the Project, the Authority is entitled to recover Grant funds in an amount that bears the same ratio to the value of the Project, or the appropriate part thereof, at the time it ceased to be used by the Children's Hospital as the amount of the Grant bore to the cost of the Project or the appropriate part thereof. For purposes of this paragraph, the value of the Project, or the appropriate part thereof, is determined by mutual agreement of the Authority and the Grant recipient or through an action brought for that purpose in the superior court.

Unused/Remaining Grant Funds

If any portion of the Grant is forfeited to the Authority, the forfeited funds shall be deemed remaining funds.

Audits

The Bureau of State Audits and Authority staff may conduct periodic audits to ensure Grantees are using Grants consistent with the Children's Hospital Program requirements and the terms of the Grant Agreement for an approved Project. Grantees shall retain all Children's Hospital Program documentation and financial data necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the certification of completion of the Project has been submitted or until June 30, 2017, whichever is later.

Internet and E-Mail Communications

Additional copies of this application can be obtained at the following website:

www.treasurer.ca.gov/chffa.

Continue to check our website for future program updates.

Grant Application Submission

Submission Directions

In the order listed, applicants shall place the following information in a binder and submit one original and one copy of the entire application.

Submit to: California Health Facilities Financing Authority
915 Capitol Mall, Suite 590
Sacramento, CA 95814

TAB 1: Grant Program Application Form

(a) Applicants must submit the following:

1. Completed pages 1-9 of the application
2. Any third-party data or other information requested in the appropriate application sections.

TAB 2: Agency Finances

Applicant shall provide the Most Recent Audited Financial Statements.

TAB 3: Organizational Information

- (a) For all Applicants, a copy of its current general acute care hospital license from the Department of Health Services or the general acute care hospital license of the California nonprofit corporation of which the Children's Hospital is an operating entity.
- (b) If the Applicant is a non-University of California Children's Hospital, the Applicant shall submit both of the following:
1. A copy of the Applicant's 501(c)(3) determination letter from the Internal Revenue Service and either the tax-exemption letter or Letter of Good Standing from the Franchise Tax Board. For Children's Hospitals that are operating entities of a California nonprofit corporation, the Internal Revenue Service and Franchise Tax Board Letters are required for the parent corporation.
 2. A copy of the Applicant's Articles of Incorporation and Bylaws. For Children's Hospitals that are operating entities of a California nonprofit corporation, the Articles of Incorporation and Bylaws are required for the parent corporation.

TAB 4: Legal Information

Applicants shall review and respond to the questions in Attachment A and disclose all relevant information in Attachment B. Both attachments must be included under Tab 4.

TAB 5: Certifications

The Agreement and Certification (Attachment C of application) must be executed by the Chief Executive Officer, Chief Financial Officer or other authorized officer of the Applicant and included under Tab 5.

II. Definitions

(a) “Act” means the Children’s Hospital Bond Act of 2004 (Part 6 (commencing with Section 1179.10), Division 1, Health and Safety Code), approved by voters on November 2, 2004.

(b) “Administrative Costs” means actual costs incurred by the Authority and other state agencies as permitted by law for administering the Children’s Hospital Program.

(c) “Applicant” means any Children’s Hospital applying for program funding from the Children’s Hospital Program.

(d) “Application Form” means the written request by an Applicant to the Authority for a Grant under the Children’s Hospital Program which includes pages 1-9, Attachments A-C and all materials submitted with Form #CHFFA 5, Rev. ~~12-2004~~01-2009, for the First Funding Round. If necessary, the Application Form for the Second Funding Round and requisite regulations shall be developed no later than June 1, 2014.

(e) “Audited Financial Statements” means an examination and report of the financial activities of the Children’s Hospital or the California nonprofit corporation of which the Children’s Hospital is an operating entity, for its fiscal year, performed by an independent accounting firm under generally accepted accounting principles.

In the case of the University of California Children’s Hospitals, “Audited Financial Statements” means an examination and report of the financial activities of each individual University of California medical center that includes a University of California Children’s Hospital, for its fiscal year, performed by an independent accounting firm under generally accepted accounting principles.

(f) “Authority” means the California Health Facilities Financing Authority.

(g) “Children’s Hospital” means either:

- (1) A University of California general acute care hospital described as any one of the following:
 - (A) University of California, Davis Children’s Hospital.
 - (B) Mattel Children’s Hospital at University of California, Los Angeles.
 - (C) University Children’s Hospital at University of California, Irvine.
 - (D) University of California, San Francisco Children’s Hospital.
 - (E) University of California, San Diego Children’s Hospital.
- (2) A general acute care hospital that is, or is an operating entity of, a California nonprofit corporation incorporated prior to January 1, 2003, whose mission of clinical care, teaching, research, and advocacy focuses on children, and that provides comprehensive Pediatric

Services to a high volume of children eligible for Government Health Insurance Programs and to children with special health care needs eligible for the California Children's Services program and:

- (A) Provided at least 160 licensed beds in the categories of pediatric acute, pediatric intensive care and neonatal intensive care in the fiscal year ending between June 30, 2001, and June 29, 2002, as reported to the Office of Statewide Health Planning and Development (OSHPD) on or before July 1, 2003.
- (B) Provided over 30,000 total pediatric patient (census) days, excluding nursery acute days, in the fiscal year ending between June 30, 2001, and June 29, 2002, as reported to OSHPD on or before July 1, 2003.
- (C) Provided medical education of at least eight (rounded to the nearest integer) full-time equivalent pediatric or pediatric subspecialty residents in the fiscal year ending between June 30, 2001, and June 29, 2002, as reported to OSHPD on or before July 1, 2003.

(h) "Children's Hospital Program of 2004" means the program resulting from the 2004 Act.

(i) "Costs of Issuance" mean the expenses incurred in connection with the sale and issuance of bonds, other short-term debt instruments, or loans approved by the Pooled Money Investment Board that are used to finance or refinance Grants, and accrued interest on any short-term debt instruments or loans which are not paid from another source.

(j) "Executive Director" means the Executive Director of the Authority.

(k) "Expansion of Health Care Access" means providing same services to additional patients or net additional or new Pediatric Services to existing or new patients.

(l) "Final Allocation" means a Grant allocation approved by the Authority.

(m) "First Funding Round" means the period of time prior to June 30, 2014.

(n) "Going Concern Qualification" means a finding by an independent accounting firm that the carrying value of an entity's assets will be realized and its liabilities will be liquidated in the ordinary course of continuing business activity.

(o) "Government Health Insurance Programs" mean governmental assistance programs that include, but are not limited to, Medicaid (Medi-Cal), State Children's Health Insurance Program (Healthy Families), California Children's Services (CCS), Child Health and Disability Prevention Program (CHDP) and county indigent programs.

(p) "Grant" means the distribution of money in the Children's Hospital Fund, as defined in Section 1179.20 of the Health and Safety Code, by the Authority to a Children's Hospital for a Project pursuant to the Children's Hospital Program of 2004.

(q) “Grant Agreement” means a written agreement for a Grant entered into between a Grantee and the Authority.

(r) “Grantee” means an Applicant that has received Grant approval by the Authority.

(s) “Improvement of Child Health Care” means an improvement in the timeliness, effectiveness, or quality of care provided to the pediatric population.

(t) “Improvement of Health Care ~~Access~~” Access” means an increase in the quantity and scope of Pediatric Services provided.

(u) “Improvement of Pediatric Patient Outcomes” means an improvement in the overall health of the pediatric patients receiving treatment or care.

(v) “Initial Allocation” means an Authority staff-level decision granting an allocation.

(w) “Maximum Grant for the First Funding Round” means:

(1) A limit of \$30 million less Costs of Issuance and Administrative Costs on the total amount of Grants that may be made to any one Children’s Hospital that is described in paragraph (1) of subdivision (g).

(2) A limit of \$74 million less Costs of Issuance on the total amount of Grants that may be made to any one Children’s Hospital that is described in paragraph (2) of subdivision (g).

(x) “Most Recent Audited Financial Statements” means the Audited Financial Statements for the most recent fiscal year for which such financial statements are available.

(y) “Non University of California Children’s Hospital” means a Children’s Hospital described in paragraph (2) of subdivision (g).

(z) “Pediatric Research Programs” means scientific research focused on the pediatric population to improve and/or better understand this population’s health.

(aa) “OSHPD” means the Office of Statewide Health Planning and Development.

(bb) “Pediatric Services” means services provided for children from birth to age 18. Exceptions to the age limit are allowed up to age 21 for children receiving treatment for a California Children’s Services eligible condition as described in Sections 41811 through 41876, Title 2, of the California Code of Regulations.

(cc) “Pediatric Teaching Program” means a program that annually provides medical education for at least eight (rounded to the nearest integer) full-time equivalent pediatric or pediatric subspecialty residents.

(dd) “Pooled Money Investment Board” means the Board established pursuant to Section 16480.1 of the Government Code.

(ee) “Project” means constructing, expanding, remodeling, renovating, furnishing, equipping, financing, or refinancing capital assets, as defined in Section 16727(a) of the Government Code, of a Children’s Hospital. Pursuant to the Act, this may include reimbursement for the costs of constructing, expanding, remodeling, renovating, furnishing, equipping, financing or refinancing where such costs are incurred after January 31, 2003. “Project” does not include Costs of Issuance for any financing or refinancing of a Project.

(ff) “Project Period” means a defined beginning and end date to be approved by the Authority for implementation of the Project.

(gg) “Second Funding Round” means the period of time after June 30, 2014 when Grants may be awarded from unexhausted funds made available pursuant to the Program.

(hh) “Total Grant Funds” means \$750 million less Administrative Costs and Costs of Issuance.

(ii) “Uncompensated Indigent Care” means care provided without a patient-specific source funding available to pay for the Pediatric Services rendered.

(jj) “Undercompensated Care” means care provided where a financial shortfall exists between gross expenses and the revenues (or payment) in treating a pediatric patient.

(kk) “University of California Children’s Hospital” means a Children’s Hospital described in paragraph (1) of subdivision (g).

(ll) “Vulnerable Pediatric Populations” means pediatric patients served by Government Health Insurance Programs and pediatric patients with special health care needs irrespective of insurance status.